GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1096
ANSWERED ON:23.11.2007
DEPOSITORS IN FINANCIAL INSTITUTIONS
Kripalani Shri Srichand

Will the Minister of FINANCE be pleased to state:

(a) whether the Government proposes to enact a law to safeguard the interests of the depositors in banks, financial institution and non-banking financial companies ;

(b) if so, the details thceof; and

(c) the names of stales who have enacted such law with the consent of Union Government as yet?

Answer

The Minister of State in the Ministry of Finance (Shri Pawan Kumar Bansal)

(a)to(c) : The Deposit Insurance and Credit Guarantee Corporation Act, 1961 grants protection to depositors of ail :omrru;rcial, banks (including the Regional Rural Banks and Co-operative Banks) which are registered as insured banks. Each depositor of an insured bank which goes into liquidation is entitled lo receive from the Corporation, an amount up to Rs. 1,00,000/ (Rupees one lakh only).
As regards Non Banking Financial Institutions (NBFTs.), Reserve Bank of mdia(RBI) has put in place a comprehensive regulatory and supervisory framework aimed at protecting the interests of depositors. Chapters 1II-B, JI1-C and V of the RBI Act, 193 4 were amended in 1997 vesting considerable powers with RBI for effective supervision over deposit taking NBFIs. RBI is of the view that wherever there is a need for enhanced legislative powers to protect the interest of the depositors the sa;ru: can be incorporated through amendment of ibe RBI Act, 1934. Therefore, a separate legislation for regulating deposit taking NBFIs may not be necessary at this stage.
RBI has reported that the State Governments of Andhra Pradesh, Assam, Bihar, Delhi, Goa, Gujarat, Himachd Pradesh,, Karnataka, Madhya Pradesh, Maharashtra, Mizoram, Tamil Nadu, Tripura and Uttaranchal have enacted certain legislation for protecting the interest of depositors.